

VZCZCXRO5218
OO RUEHRG
DE RUEHBR #0880/01 1791541
ZNY CCCCC ZZH
O 271541Z JUN 08
FM AMEMBASSY BRASILIA
TO RHEHNSC/NSC WASHDC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 2000
INFO RUEHAC/AMEMBASSY ASUNCION 6924
RUEHBO/AMEMBASSY BOGOTA 4639
RUEHBU/AMEMBASSY BUENOS AIRES 5649
RUEHCV/AMEMBASSY CARACAS 4164
RUEHLP/AMEMBASSY LA PAZ 6347
RUEHPE/AMEMBASSY LIMA 3872
RUEHMN/AMEMBASSY MONTEVIDEO 7439
RUEHQT/AMEMBASSY QUITO 2530
RUEHSG/AMEMBASSY SANTIAGO 0442
RUEHRG/AMCONSUL RECIFE 8213
RUEHRI/AMCONSUL RIO DE JANEIRO 6341
RUEHSO/AMCONSUL SAO PAULO 2331
RUEHUB/USINT HAVANA 0055

C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 000880

SIPDIS

DEPARTMENT FOR WHA A/S SHANNON AND BSC, NSC FOR TOMASULO

E.O. 12958: DECL: 06/27/2018

TAGS: [PREL](#) [ENRG](#) [BO](#) [BR](#)

SUBJECT: BRAZILIAN PRESIDENTIAL ADVISOR PROMISES TO RAISE
BOLIVIA SECURITY CONCERNS

REF: A. STATE 65088

[1](#)B. BRASILIA 834

Classified By: Ambassador Clifford M. Sobel, reason 1.4 (b) and (d)

[1](#)1. (C) The Ambassador met with Brazilian presidential Foreign Policy Advisor Marco Aurelio Garcia on June 25 to express our concern regarding the Bolivian government's lack of concrete assurances to protect our embassy in La Paz. Garcia promised to raise the issue with the Bolivian ambassador (which he did immediately after meeting with the Ambassador) and with higher levels in the Bolivian government. He also said he would bring the request to President Lula's attention. Garcia said that, in his view, Bolivia is at a dangerous time and is in for a lengthy period of increased instability. He encouraged the USG to offer the Bolivian government gestures that clearly signal we are fully neutral between the Bolivian government and opposition. Garcia also told the Ambassador that President Lula's trip to Venezuela was focused on commercial cooperation, that he did not see Raul Castro making any additional changes in response to the EU lifting of sanctions, and that President Bush and President Lula should take up cooperation on biofuels at their meeting during the G-8 in Japan. End Summary.

[1](#)2. (C) The Ambassador, accompanied by PolCouns (notetaker) met with Marco Aurelio Garcia on June 25 to deliver points ref a. Garcia was accompanied by advisors Ambassador Marcel Biato and Elio de Almeida Cardoso. After conveying condolences on the death of former first lady Ruth Cardoso, the Ambassador explained to Garcia our concerns with regard to the security of our embassy in Bolivia and requested Brazil's assistance. (Note: The day before, Ministry of Foreign Relations Under Secretary for South America Enio Cordeiro had called to follow-up his conversation with the Ambassador, ref b. Cordeiro said he had spoken with the Colombian vice minister of foreign affairs regarding the security of the U.S. embassy, and they had agreed that the best approach to the Bolivian government would be through the Papal Nuncio. End note.)

[1](#)3. (C) The Ambassador asked for Garcia's assessment of the situation. Garcia said that the current problems stem in part from President Morales having come to office acting "as if it were a revolution." His polemics have been a factor in

instability, Garcia said, but the instability already existed, noting he had visited Bolivia twelve times during President Lula's first term, and had met with four presidents. Bolivia's institutional problems remain, and there has been no effort on either side to follow established procedures. The opposition is controlled by a "hard" element, on the one hand. On the other, the government has refused to differentiate between opposition hard-liners and "modern rightists" like Tuto Quiroga. So instead of resolving issues, Garcia said, each side has hardened their position, and they are beyond hearing each other.

14. (C) As a result, a new stalemate has developed. This will continue, Garcia predicted, even after the August 10 referendum--if the referendum happens at all. He explained that the questioning of the referendum's legitimacy by the opposition provinces called into question whether it would even take place. Garcia said it is his personal opinion that Bolivia faces enormous dangers now. The intention of the opposition, he believes, is to make the central government irrelevant, to "make it bleed," so it will be brought down by "non-institutional means." He said the government might in fact fall, but only "within the established timeframes." Opposition efforts to force it out of power would not work. In any case, Garcia believes a long period of instability is going to ensue that, like a flammable gas in the air, could be set off by even a small spark. The fact is that Bolivia is going through major social and political change, which is hard to control.

BRASILIA 00000880 002 OF 003

15. (C) Garcia said that many Brazilians were surprised by Morales' confrontational posture toward Brazil early on, and it had required a great deal of patience to put the relationship back on track and establish a frank dialogue. Brazil has told the Bolivian government that it needs to tone down the rhetoric and resolve its disputes if it wants to make progress toward what Morales wants to achieve. The government has a reasonable macroeconomic situation, he said, but needs to make sure that the current economic growth is more than just a bubble. As a result, its ability to attract investment--and particularly to maximize its energy potential--is crucial. In the latter case, in particular, it will run into problems not only in filling contracts with Brazil and Argentina, but also in supplying its growing domestic needs.

16. (C) The Ambassador said that Bolivia needs to understand that companies, including Brazilian companies, will not invest when they see our embassy under attack. Garcia acknowledged the point, saying that he had pushed Petrobras to go back into Bolivia in part as a sign to other investors. The Ambassador asked if Garcia thought that the breakdown of stability and security in Bolivia would hurt foreign companies there. He responded that many companies have a solid commitment and long-term perspective. Heavyweight investors know that the conflict "won't go beyond a certain point," and whichever side wins out, Bolivia will need investment. Petrobras has not lost any money there, he concluded.

17. (C) Garcia said he would deliver the message to the Bolivians, noting that he would be meeting with the Bolivian ambassador following the meeting with Ambassador Sobel. Garcia suggested that, "Maybe it is time (for the United States) to have a frank discussion with Bolivia," adding that "Tom (Shannon) is well-respected in Bolivia." He cannot see how conflict with the United States is beneficial to Bolivia, he said. The Ambassador suggested that it might serve as a distraction for the Bolivian government's domestic problems. Garcia took the point, but said that in the long run, they would gain in some ways but lose in others.

18. (C) "We bet on dialogue," Garcia stressed, suggesting that a "mutual non-aggression pact" was in order. The Ambassador

responded that public support for the security of our embassy would undoubtedly open other channels for dialogue, but stressed that security of our embassy cannot be open for discussion. Garcia agreed. But he cautioned that we should "not underestimate anti-Americanism in some circles." ("There's an old joke we used to tell," he said: "Why hasn't there ever been a coup in the United States? Because they don't have an American embassy.") He said that the United States needs to offer a sign that we are not on anyone's side, something that would increase American credibility vis-a-vis the Bolivian government. Without wishing to be a mediator, he said, Brazil is willing to help in whatever it can, recalling a similar commitment he made to A/S Shannon two years earlier. He suggested that Brazil had a hand in encouraging Venezuelan President Chavez to lower his tone and become "less present" today on the issue. Chavez understood that his efforts were too invasive and ultimately counterproductive.

¶9. (C) Coming back to the request, Garcia said the Bolivian ambassador in Brasilia was "very professional" and he would sound him out. He also committed to raising the request with President Lula, adding he knew that A/S Shannon had raised the issue with Brazilian Ambassador Patriota in Washington. (Note: In a readout on June 26, Amb. Biato said that Garcia had had a long meeting with the Bolivian ambassador and had made clear that it was important for the Bolivian government to cease provoking the United States and to make amends. Garcia had stressed that conflict could not be helpful to the Bolivians. Biato reiterated that Garcia intended to raise the issue with President Lula and with "higher levels" in

BRASILIA 00000880 003 OF 003

Bolivia. End note.)

¶10. (C) The Ambassador asked about President Lula's priorities for his June 27 meeting with President Chavez. Garcia said that Chavez is seeking an import substitution model for Venezuelan agriculture and development, and the two presidents will discuss ten projects that are still being developed in the areas of steel production, integrated circuits, television, and plastics, among others. In agriculture, the Venezuelans are looking to work with Brazil to develop either family farms or large-scale (i.e., 80,000 ha.) soy farms. They are also interested in dairy and poultry. The ultimate goal for Chavez, he said, is food security, and the Venezuelans are trying to create the infrastructure for the entire food production chain, using both public and private investment. As an aside, Garcia said that Venezuela's new finance minister, Ali Rodriguez, "is different" in that he is knowledgeable and can talk directly to Chavez.

¶11. (C) The Ambassador asked what Garcia thought would come of the EU decision to lift its sanctions. Garcia said he did not see Raul Castro giving any type of concession to foreign pressure, and that the EU move was a sign that there is a perception Cuba is changing. He noted that in Brazil, both businesses and the press that had been critical of Brazil's Cuba policy have changed their tune. Businesses are now interested in investing, and there is less criticism in the press.

¶12. (C) The Ambassador raised biofuels, stressing that although many would like to divide Brazil and the United States on the issue, we would like to continue working together. He recalled that Civil Household Minister Dilma Rousseff had pressed for President Bush to attend the renewables conference that Brazil plans to host in November, and asked what the objective would be. Garcia said that Presidents Bush and Lula should take the issue up again at the G-8 in Japan. (Comment: It has become clear over the course of conversations with foreign ministry and presidency officials that Brazil is still in the initial stages of planning the conference; they have asked for USG input on the agenda and objectives. End comment.) After Garcia departed

to meet with the Bolivian ambassador, the Ambassador stressed to Biato that Brazil's effort to distinguish between corn and cane ethanol was not productive, and that our focus should be on the future of biofuels. Biato stressed that President Lula was not intending to go to Rome for the FAO conference, but had done so in the end when the focus of criticism fell on ethanol. The draft speech he had taken with him to Rome had been "toughened up" there. Biato said he could not predict how Lula would react to the idea of lowering the tone on this issue. (Comment: Other contacts, however, have told us they do expect Lula to back away from this line. End comment.)

SOBEL